

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
MOJAVE AIR AND SPACE PORT  
February 17, 2015**

The Board of Directors of the Mojave Air and Space Port duly met for a Regular Meeting at the District Offices in the Administration Building at Mojave Airport, Mojave, California, at the hour of 2:00 o'clock p.m. on Tuesday, February 17, 2015.

The Clerk called the roll and the following Directors were present: Balentine, Deaver, Evans, Painter and Peterson. Also present were the District's Chief Executive Officer, Stuart Witt and District's Counsel, Scott Nave.

President Peterson presented the Agenda. CEO requested to add under Business Items item "4F) JW Griffin Construction." Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That the Board find the need to take action with respect to "JW Griffin Construction" has arisen subsequent to the posting of the agenda and that agenda be approved with the addition of "JW Griffin Construction."

**PUBLIC COMMENTS**

Mr. Dwayne McNutt of ASB Avionics informed Board that he has been working on payment issues with Pratt & Whitney in Canada and informed the Board that they recently delivered the 747 aircraft after performing modifications to cockpit instrumentation and expect to receive final payment within the next two weeks.

**CONSENT AGENDA**

President Peterson presented the Consent Agenda and stated the only item for approval was the minutes for the meeting of February 3, 2015. President Peterson commented that there is no policy regarding the length of time audio recordings of the meetings are kept by the District Secretary. He noted that retention of audio tapes is only required until the meeting has been transcribed and approved by the Board.

Director Deaver commented that the public can be charged for the duplication of the tapes. President Peterson also commented that there are storage, maintenance and retrieval protocols regarding tapes that are retained by the Board Secretary. District Counsel Scott Nave responded to a legal question by the directors and stated that as long as the tapes are stored they must be made available to anyone in the public who may request a copy but added that the board could adopt a policy that states how long the tapes are retained after they have been transcribed into formal minutes and approved by the Board. Counsel recommended that a resolution be presented for Board consideration at the next meeting that would amend the Administrative Code as it relates to retention of audio recordings of board meetings. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, Consent Agenda was approved as submitted.

**BUSINESS ITEMS**

**4A) Check Register 02/12/15**

President Peterson presented the General Fund Check Register for February 12, 2015 with the schedule of electronic fund transfers delineated below. Director Balentine disqualified himself from participating in the discussion of this item due to a potential conflict of interest pertaining to check number 053001 in the amount of \$9.12.

**SCHEDULED ELECTRONIC FUND TRANSFERS**

<b>Calpers Health</b>	<b>02/10/15</b>	<b>\$ 39,643.51</b>
<b>AVFuel</b>	<b>02/13/15</b>	<b>\$ 17,181.00</b>
<b>AVFuel</b>	<b>02/24/15</b>	<b>\$ 17,097.62</b>
<b>AVFuel</b>	<b>02/24/15</b>	<b>\$ 19,738.67</b>
<b>AVFuel</b>	<b>02/25/15</b>	<b>\$ 17,086.62</b>

Upon motion by Director Evans, seconded by Director Painter and unanimously carried, it was:

**RESOLVED:** That Board approve check numbers 052982 through 053028 in the amount of \$118,591.42 and Electronic Fund Transfer Payments in the amount of \$110,747.42 for a total of \$229,338.84.

#### **4B) Financial Reports**

Interim CFO Brouse reviewed the Treasurer's Report for January 2015 which showed an ending balance of \$6,271,122.33 and stated there were no transfers between accounts for January. President Peterson asked Board for input on the Treasurer's Report in terms of when the report is closed and when it is presented. He noted currently the reports are closed from the previous month in time to be presented at the second meeting of the following month and commented that this makes the report timely but not necessarily as accurate if more time was available for preparation. President Peterson said an option could be to delay the report an additional two weeks and be presented at the first meeting of the subsequent month. CFO stated the proposed change would give staff more time to be confident that the report is complete. Director Evans commented that the report should be timely enough to make informed decisions on the previous month's data. President Peterson also asked if the board packets could be made available to the Directors earlier. Director Evans commented that given the recent history this is not the time to relax the current standard for the financial reports to be presented to the Board. Director Painter asked what good it would do to start slipping the reports to a later date and what impact will that have on items that need Board approval that are based on the financial reports. CFO Brouse commented that the Treasurer's Report is a cash basis report and is fairly easy to produce in the current time frame but noted the other report which is a summarized view on an accrual basis and more difficult to report and not as complete. CFO Brouse further commented that we trust the daily processing of accounting transactions to confidently produce this report without review. CFO Brouse stated that the report is not reviewed in any way at this time and he generally works only

one day per week which does not give him the time to review the report. He would feel more comfortable if he could review the information and possibly present the data in a different format and provide more information that the Board is currently receiving. Director Balentine stated that the current reporting schedule should not be altered until the audit is completed. Director Evans commented that this item should have been addressed first in the Audit and Finance Committee before coming to the Board. CFO Brouse continued with discussion of financial report which reflected the January Fuel Inventory at \$170,539.48. Gallons sold for the month was 79,915 and gallons sold year to date was 454,679. CFO Brouse discussed the January 2015 Revenue and Expense Summary and noted that we are beginning to see what looks like a typical month. Chart highlighted Revenue - Fuel Sales (\$275,296) Rents and Leases (\$356,550) and other Revenue (\$69,894) for total revenue of \$701,740. Chart highlighted Expenses- Personnel (\$188,329) Fuel (\$231,152) and Operating (\$161,703) for total expenses of \$581,184. The Year to Date Summary for Revenue: Fuel (\$1,976,783) Rents and Leases (\$2,532,000) and other Revenue (\$2,993,697) for total revenue of \$7,502,480. Year to Date Summary for Expenses: Personnel (\$1,694,733) Fuel (\$1,513,292) and Operating (\$1,515,793) for total expenses of \$4,723,818. Percentages of Revenue for the month were Rents and Leases at 51%, Fuel Sales at 39% and other Revenue at 10%. Percentages of Expenses for the month were Operating at 28%, Personnel at 32% and Fuel at 40%. FY 14-15 Revenue was Rents and Leases at 34%, Fuel Sales at 26% and other Revenue at 40%. FY14-15 Expenses were Operating at 32%, Personnel at 36% and Fuel at 32%. CFO Brouse discussed the Customers over 90 Days Past Due Report which reflected a total AR as of 2/13/15 of \$433,346.45 and commented that two of the accounts (ASK-WI.Com and Dean Soest) are ready to be turned over to a collection agency (HP Sears) and when that occurs the bad debt will be written off. He stated that the two accounts are on hold until the Board has an opportunity to consider whether or not they want to take that action which would conform to the current Administrative Code. Director Balentine stated that it is the Audit and Finance Committee's recommendation that staff obtain Board approval prior to actually sending an account to collections. President Peterson asked District's Counsel if Board action is required prior to sending an account to collections. Counsel responded that since the Board is not initiating litigation and since the Board has already signed a contract with HP Sears the use of the collection agency is authorized and the Administrative Code does not require

Board approval on a case by case basis. Director Evans commented that the Administrative Code cites a policy that gives the Board the responsibility of taking action regarding accounts going to collections but felt that the CEO should be able to take this action up to a certain threshold but at some level it is appropriate that the Board be required to authorize this action. It was consensus of Board that the Customers over 90 Days Past Due Report will highlight accounts that staff recommends turning over to collections and prior to approving the report Board will have the opportunity to remove an account from proceeding to collections. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That the Financial Reports for January, 2015 be approved as submitted and to send two delinquent accounts (ASK-WI-COM and Dean Soest) to collections and be written off from District's Aged Accounts Receivable.

**4C) EnerSource Engineering Agreement RIW 8-26**

CEO Witt discussed proposed agreement with EnerSource Engineering to provide design engineering and construction services for Runway 8-26 LED Lighting, Signage and Striping Project. The cost for services outlined in this agreement is \$33,746.00 of which ninety percent is recoverable through FAA grant funding. Upon motion by Director Evans, seconded by Director Deaver and unanimously carried, it was:

**RESOLVED:** That Consultant Agreement with EnerSource Engineering be approved as submitted and President and Secretary authorized to execute the same on behalf of the District.

**4D) Compensation Resolution**

CEO Witt reported that during an audit conducted last year by CalPers it was found that District's salary schedule as described in the Administrative Code reflects only minimum

salaries for each approved full-time position. CalPers requires that for each approved full-time position a salary range delineating both minimum and maximum salaries be documented in the Administrative Code. CEO recommended approval of Resolution to amend the District's Administrative Code to add a salary range to employee's compensation. Director Evans commented that he understands the purpose and the need to adopt the resolution to be in compliance with CalPers but stated he was opposed to it in principle because it is an example of how the State of California attempts to tie the hands of districts and local governing boards and the information is received in the state controller's office at the end of each year. Motion was made by Director Evans and seconded by Director Deaver. Ayes: Directors Balentine, Deaver, Painter and Peterson Nays: Director Evans (4-1) it was:

**RESOLVED:** That **RESOLUTION NO. 15-02-728, A RESOLUTION OF THE BOARD OF DIRECTORS OF MOJAVE AIR AND SPACE PORT AMENDING RESOLUTION NO. 99-1-585 (ADMINISTRATIVE CODE) AS IT RELATES TO COMPENSATION** in the District's Resolution File and by this reference be and the same is incorporated herein and made a part hereof as though fully set forth at length, be adopted.

#### **4E) EP&A Proposal**

CEO Witt reported that at the request of the District, representatives from EP&A Envirotac, Inc. met with staff to discuss a proposal to perform a test application of their product on a section of roadbed one mile in length and 24 feet wide. The test will involve application of their product over asphalt grindings to pave an area that is currently native soil commencing at the rail yard and along the perimeter road to the first gate of the rocket test site. CEO reported that he has already authorized purchase of the product for the test and if successful he anticipates that tenants further down the road will want to purchase the product to pave the roadway to their sites. He noted that considerable time is spent by District maintenance personnel to grade and water the roadway and he hopes this will alleviate that need in the future.

#### **4F) JW Griffin Construction**

CEO Witt reported that Building 79 has ongoing issues with the roof leaking in the south half of the high bay. He noted that the building is not owned by the District but will revert to District ownership in 2026 and under the terms of the lease the District is responsible for maintenance of the facility. The District receives half of the rent for renting the facility and the other half of the rent is divided equally with the District and the owners of the building. Roof repairs will require removal of six swamp coolers, capping the openings and sealing the entire south facing bay to make it waterproof. The cost of the repairs is estimated at \$59,000 and staff is requesting to use a portion of \$125,000 in unused funds from the pump house project. Upon motion by Director Deaver, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Board approve Agreement for Services contract with JW Griffin Construction at an amount not to exceed \$60,000.00 and the President and Secretary authorized to execute on behalf of the District.

### **Reports/Announcements**

5A) **Community:** None

5B) **Board Committee Reports**

### **Audit/Finance Committee**

Director Balentine stated the committee met but had nothing to report at this time. He commented that Director Evans asked CFO Brouse how the audit preparation was progressing and he responded that staff was on schedule. CEO Witt commented that CFO Brouse has reviewed every bank statement for the last four years and went line by line on each statement and District is now current and reconciled for all four years. CFO Brouse also stated that the District's inventory of fixed assets is now complete but would like to see the process reorganized.

5C) **Board of Directors**

Director Deaver reported on the Plane Crazy event of February 21st introducing guest speaker Douglas Castleman an aviation artist who will give a presentation at 11:00 a.m.

in the MASP board room. Director Balentine noted the AV Board of Trade 2015 Business Outlook Conference will be held on February 27<sup>th</sup>. Director Evans commented that last year after the departure of the CFO the Board made a number of changes as to how accounting and finance is handled. He complimented staff in getting the finances in order but cautioned everyone not to relax the standard to make it easier so we don't wind up back where we started. Director Painter reported that funeral service for Fitz Fulton will be held on Saturday, February 28, 2015 at 1:00 p.m. at the First United Methodist Church at 918 West Avenue J in Lancaster, CA.

**5D) CEO/GM Approved Expenditures/Reports**

1. CEO Witt approved Mojave Chamber of Commerce membership renewal NTE \$225.00
2. ICAOIUNOOSA AeroSPACE Symposium Sponsorship: CEO Witt approved sponsorship in the amount of \$3,500.00. The joint International Civil Aviation organization (ICAO) United Nations Office of Outer Space Affairs (UNOOSA) Aerospace Symposium will be held from March 18, 2015 to March 20, 2015 in Montreal, Quebec, Canada. The symposium will bring together for the first time both aviation and space communities from around the world. Attendees will review existing regulations and practices, safety management and systems engineering methods with regard to civil aviation, suborbital flights and developments in space transportation.

**CLOSEDSESSION**

Board adjourned to Closed Session per Government Code Section 54956.9 (Claim of Flight Test Associates Bankruptcy Estate) and Government Code Section 54957 (CEO Personnel Review).

**CLOSED SESSION REPORT**

In closed session the board conducted a performance evaluation of the CEO. The FTA potential litigation was not discussed. No other items were discussed.

**ADJOURNMENT**

There being no further business to come before the Board, the chair adjourned the meeting at 3:18p.m.

**RESOLVED:** That the regular meeting of February 17, 2015 be and the same is hereby adjourned.

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President

ATTEST:

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Secretary

(SEAL)